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SUBJECT: MINISTERS PUBLICLY SPLIT ON SETTLEMENTS

11. SUMMARY: Government ministers are sending mixed signals in the press on Israel's position regarding settlements ahead of the expected meeting next week between Prime Minister Netanyahu and Special Envoy Mitchell. Political tensions are growing as several influential ministers visited illegal outposts and called for them to be legalized, while there were contradictory press reports about Israel offering a three to four month freeze on settlements. Minister of Housing Ariel Attias told reporters on August 16 that a de-facto freeze is already in place. END SUMMARY.

12. On August 17, Minister for Strategic Affairs Moshe Ya'alon (Likud) led a group of four ministers on a tour of several illegal outposts in the West Bank. The tour also included Minister of the Interior and SHAS Chairman Eli Yishai, Minister of Information Yuli Edelstein (Likud), and Science and Technology Minister Daniel Hershkowitz (Habayit Hayehudi). The ministers said that the outposts were not illegal, claiming the GOI supported their construction, and therefore the government should move quickly to legalize them (NOTE: The GOI has provided some direct support for construction and utilities in certain illegal outposts. The extent of support at the outposts visited is unclear. END NOTE). They also called for the reconstruction of Homesh, a Jenin-area settlement that was evacuated during the 2005 Disengagement.

13. Minister of Defense Barak, who is responsible for implementing government policy in the West Bank, immediately issued a statement that the government's policy is unchanged and that Israel will enforce the law and will eventually remove illegal outposts. MK Eitan Cabel, a "rebel" in Barak's Labor Party, said that the tour shows that the government is "extremist and delusional." The opposition Kadima Party released a statement that the government's attempts to fool the international community, by simultaneously saying it wants to remove and legalize outposts, are "dangerous to Israel and may hurt its interests, including maintaining sovereignty over the settlement blocs."

14. At the same time, there were press reports that the Prime Minister will offer the United States a three to four month settlement freeze, although the Prime Minister's office denied the story. Minister of Housing Ariel Attias (SHAS) said that a temporary freeze, what he called a waiting period, was already in place as the government has not issued any tenders since it took office last April. He said that this waiting period should allow Israel to evaluate any Arab world gestures and pave the way for international recognition of Israel's control of the settlement blocs and its sovereignty over Jerusalem. NOTE: Attias' party, SHAS, officially opposes a settlement freeze. END NOTE.

15. Several high-ranking government officials, including Deputy Foreign Minister Danny Ayalon (Yisrael Beitenu), denied there would be a settlement freeze and asserted any freeze would have to be approved by the cabinet. Ayalon added that if a settlement freeze came before the cabinet, Yisrael Beitenu would oppose it. The settlement community also reacted strongly to the reports of a freeze, with the Binyamin Regional Council issuing a statement saying it is the "same old Bibi," while Ariel Mayor Ron Nachman complained that Barak has been refusing to authorize legal construction permits in the West Bank and warned that a settlement freeze would bring down the government.

¶6. COMMENT: Since it took office nearly five months ago, the GOI has only issued a few tenders for minor infrastructure works in the West Bank. However, there are over 1,000 housing units under construction in the West Bank, and a surplus of tenders issued by the previous government, so this could be driven by market forces as well as policy. Peace Now also notes that government tenders only account for around 40 percent of the construction in the settlements. END COMMENT.